

*Testimony in Support of*

**H.B. 5673: An Act Concerning the Reformation of Certain Taxes and Tax Equity;  
S.B. 771: An Act Establishing a Refundable Child Tax Credit; and  
S.B. 772: An Act Increasing the Applicable Percentage of the Earned Income Tax Credit**

Joint Committee on Finance, Revenue and Bonding

February 27, 2023

Dear Senator Fonfara, Representative Horn, Senator Miller, Senator Moore, Representative Farrar, Senator Martin, Representative Cheeseman, and esteemed members of the Finance, Revenue and Bonding Committee:

Thank you for the opportunity to testify on this matter. My name is Dan Stern, and I am a Master of Public Health in Health Policy candidate at the Yale School of Public Health. I am submitting this in my capacity as a public health graduate student who believes every person in this state has a right to enjoy good health and wellbeing, regardless of wealth, income, or socioeconomic status. I am therefore testifying in support of House Bill 5673 and Senate Bills 771 and 772, and the vital cash payments they will guarantee to families in the state of Connecticut. In this testimony, I will specifically address the substantial public health benefits of the proposed Child Tax Credit and expansion of the Earned Income Tax Credit.

*Child and Earned Income Tax Credit Programs and Poverty Reduction*

Cash transfer programs at the state and federal level, including the Child Tax Credit (CTC) and Earned Income Tax Credit (EITC), are vital parts of this country's social safety net that have kept millions out of poverty.<sup>1</sup> It is estimated that the recent temporary expansion of the federal CTC brought 2.1 million children out of poverty,<sup>2</sup> but the impact of the policy has waned after its expiration, and food insecurity in Connecticut is rising.<sup>3</sup> While the state has the second-highest per capita personal income in the nation,<sup>4</sup> it also has large pockets of poverty. The Appendix to this testimony presents my estimates of the incidence of child poverty in each legislative district represented by a member of this committee; these figures demonstrate that child poverty in Connecticut desperately needs to be addressed, and the state has the financial means to do it.

A state CTC is particularly important to fighting child poverty in Connecticut because the state does not have child-related exemptions to or deductions from its personal income tax,<sup>5</sup> and its EITC, while providing some support to those with children, is not designed explicitly to help cover the costs of raising children.<sup>5</sup> Specifically, eligibility for the EITC is dependent on earning income, which leaves out some of this state's most vulnerable families. Additionally, per-child benefits under the EITC decline with each additional dependent child, leaving a gap for multi-child families. It is estimated that implementation of a CTC in Connecticut *in addition to* the state's EITC would reduce child poverty by up to 50%.<sup>6</sup>

Importantly, poverty is a fundamental detriment to health,<sup>7</sup> and childhood poverty is particularly pernicious. There is a strong association between childhood poverty and poor physical and mental health, worse educational attainment, and increased risky behavior later in life.<sup>7</sup> Cash transfer programs have been shown to mitigate these effects and improve recipients' and their children's health, educational attainment, and long-term earnings.<sup>8,9</sup>

There are many causal pathways leading to these effects. First, by increasing recipients' income, the cash transfer programs reduce stress.<sup>1</sup> Stress is a cause of both poor mental and physical health outcomes in the short- and long-term, including anxiety, depression, substance abuse, high blood pressure, and worsened immune system function.<sup>10</sup> Second, cash transfer programs allow recipients to spend additional resources on health-protecting goods and services, including improved nutrition and medical care.<sup>1</sup> Finally, the programs encourage recipients to reduce risky behavior.<sup>1</sup> Consequently, by driving down child poverty in the state, the implementation of a CTC and expansion of the EITC in Connecticut will produce public health benefits.

### *Public Health Benefits of Cash Transfer Programs*

State CTCs are relatively new; California first passed a fully refundable CTC in 2019, and since then six additional states have followed suit.<sup>11</sup> However, there is ample evidence of the specific and numerous public health benefits produced by cash transfer programs like the state CTC and EITC.

First, cash transfer programs are associated with improved health for children of tax credit recipients. The presence of a state EITC—and the increased generosity of the credit—reduces the incidence of low birthweight births,<sup>1</sup> and cash transfer programs have been shown to reduce infant mortality and improve perinatal health.<sup>12</sup> This is particularly important because there is evidence that low birthweight has a significant and negative impact on long-term health, educational attainment, and labor market outcomes.<sup>13</sup> Additionally, studies have shown that cash transfer programs lead to improved self-reported overall child health, as well as improved quality of home environments for child development and reduced risk factors for child abuse and mistreatment.<sup>12</sup>

Cash transfer programs are also associated with improved adult health outcomes, including overall self-reported health and mental health outcomes.<sup>12</sup> Furthermore, research has shown that recipients of tax credits increase food expenditures and experience improved food security.<sup>1</sup> There is additional evidence that implementation of cash transfer programs causes shifts of recipients from public to private insurance, and that they result in greater consumption of certain preventive medical care.<sup>1</sup>

Finally, there is evidence that cash transfer programs improve population health in the long-term. Specifically, exposure to cash transfer programs as a child is associated with better self-reported health and lower obesity as a young adult<sup>14</sup> and increased lifetime exposure leads to better health outcomes in women at age fifty.<sup>15</sup> All told, exposure to cash transfer programs leads to improved longevity and health-related quality of life over the long-term.<sup>16</sup>

### *Cost-Effectiveness of the Child and Earned Income Tax Credits*

This final point about long-term health is crucial. A major obstacle to population health improvement is the difficulty in garnering support to make investments in health that pay off many years in the future. Indeed, the Connecticut General Assembly's Office of Fiscal Analysis Fiscal Notes only estimate the two-year financial costs of legislation and do not consider policies' immediate and long-term cost-effectiveness or cost savings. However, cash transfer programs like the EITC and CTC are some of the most cost-effective investments in population health a state can make. One study found that the cost-effectiveness of state EITC programs, measured in terms of the cost of quality-adjusted life years gained, dwarfed that of other valuable public health programs like HIV screening for at-risk populations.<sup>16</sup> Although implementing a CTC and expanding the EITC is a significant investment, it is undoubtedly a worthwhile one as beneficiaries of the expansion will enjoy improved health and economic outcomes well into the future.

Thank you for your time and consideration on this matter. I am happy to provide copies of the academic literature I cited here, which may not be available for free to the public, to this committee. If you have any questions, please feel free to reach out to me.

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**Appendix: Estimated Incidence of Child Poverty by Legislative District – Finance, Revenue and Bonding Committee Members**

<b>District</b>	<b>Member</b>	<b>Total Children</b>	<b>Children in Poverty</b>	<b>Child Poverty Rate</b>
<i>Connecticut</i>		<i>735,661</i>	<i>97,861</i>	<i>13%</i>
H004	Representative Julio A. Concepcion	4,963	2,150	43%
H007	Representative Joshua M. Hall	4,712	2,150	46%
H012	Representative Geoff Luxenberg	4,254	597	14%
H013	Representative Jason Doucette	4,857	703	14%
H017	Representative Eleni Kavros DeGraw	5,565	169	3%
H020	Representative Kate Farrar, Vice Chair	5,419	404	7%
H023	Representative Devin R. Carney	3,630	159	4%
H025	Representative Robert Sanchez	6,450	2,021	31%
H028	Representative Amy Morrin Bello	4,546	269	6%
H029	Representative Kerry S. Wood	4,281	137	3%
H030	Representative Donna Veach	5,009	240	5%
H031	Representative Jill Barry	4,822	135	3%
H037	Representative Holly H. Cheeseman, Ranking Member	4,808	294	6%
H041	Representative Aundre Bumgardner	4,054	849	21%
H046	Representative Derell Wilson	4,656	804	17%
H064	Representative Maria P. Horn, Co-Chair	3,957	629	16%
H068	Representative Joe Polletta	4,031	298	7%
H070	Representative Seth Bronko	4,501	342	8%
H072	Representative Larry B. Butler	6,052	2,184	36%
H073	Representative Ronald A. Napoli	6,131	1,876	31%
H076	Representative John E. Piscopo	5,480	146	3%
H077	Representative Cara Christine Pavalock-D'Amato	4,704	536	11%
H084	Representative Hilda E. Santiago	5,034	1,513	30%
H085	Representative Mary M. Mushinsky	4,015	372	9%
H087	Representative Dave W. Yaccarino	4,659	382	8%
H088	Representative Josh Elliott	3,201	206	6%
H089	Representative Lezlye Zupkus	4,847	258	5%
H096	Representative Roland J. Lemar	3,734	1,222	33%
H097	Representative Alphonse Paolillo	5,709	1,390	24%
H099	Representative Joseph H. Zullo	4,251	492	12%
H105	Representative Nicole Klarides-Ditria	4,632	259	6%
H113	Representative Jason Perillo	4,007	243	6%
H120	Representative Laura Dancho	4,581	204	4%
H126	Representative Fred Gee	5,276	1,397	26%
H127	Representative Marcus Brown	4,095	912	22%
H129	Representative Steven J. Stafstrom	4,667	1,449	31%
H150	Representative Stephen R Meskers	6,465	506	8%

<b>District</b>	<b>Member</b>	<b>Total Children</b>	<b>Children in Poverty</b>	<b>Child Poverty Rate</b>
S01	Senator John W. Fonfara, Co-Chair	21,193	6,775	32%
S04	Senator MD Rahman	20,341	2,046	10%
S06	Senator Rick Lopes	22,035	5,363	24%
S12	Senator Christine Cohen	17,771	546	3%
S14	Senator James J. Maroney	17,740	782	4%
S17	Senator Jorge Cabrera	19,679	1,954	10%
S22	Senator Marilyn V. Moore, Vice Chair	21,615	3,613	17%
S27	Senator Patricia Billie Miller, Vice Chair	20,723	2,969	14%
S28	Senator Tony Hwang	23,810	805	3%
S30	Senator Stephen Harding	18,877	1,530	8%
S31	Senator Henri Martin, Ranking Member	19,416	2,321	12%
S33	Senator Norman Needleman	18,862	1,139	6%
S36	Senator Ryan Fazio	26,019	1,184	5%

**Sources:**

*Poverty data obtained from US Census Bureau American Community Survey 2021 5-year estimates.*

*Census Tract and Block crosswalk data obtained from US Census Bureau TIGER/Line Shapefiles.*

*Census Block and Legislative District crosswalk data obtained from Connecticut General Assembly 2021 Redistricting Project.*

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